UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/CCF/SEY/1
2 July 1997

ORIGINAL: ENGLISH

Third regular session 1997
15-19 September 1997, New York
Item 6 of the provisional agenda
UNDP

UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

FIRST COUNTRY COOPERATION FRAMEWORK FOR SEYCHELLES (1997-1999)

CONTENTS

	Paragraphs	Page
INTRODUCTION	1 - 2	2
I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE	3 - 8	2
II. RESULTS AND LESSONS OF PAST COOPERATION	9 - 10	4
III. PROPOSED STRATEGY AND THEMATIC AREAS	11 - 16	5
A. Strategy	11	5
B. Thematic areas	12 - 16	6
IV. MANAGEMENT ARRANGEMENTS	17 - 19	7
Annex. Resource mobilization target table for Seychelles, 1997-1999		9

97-18446 (E) 050897

READEX Best copy available

INTRODUCTION

1. The first country cooperation framework (CCF) for the Republic of Seychelles 1997-1999 was prepared jointly by the Government of Seychelles and UNDP in close consultation with multilateral and bilateral donors and other development partners with programmes in Seychelles, as well as with the private sector and NGO representatives. The United Nations System-wide Special Initiative for Africa provides the framework for this CCF, which analyses current national development priorities from a sustainable human development perspective and identifies the best opportunities for UNDP cooperation to meet national priorities, goals and objectives in that context. The Government of Seychelles has endorsed this initiative and expressed its commitment to its objectives on various occasions, including at the fifty-first session of the General Assembly of the United Nations.

2. The first CCF is also a reflection of the consensus already reached between the Government and the UNDP country office in Mauritius as presented in both an Advisory Note and the minutes of the Local Programme Appraisal Committee Meeting held on 10 January 1997, at the Ministry of Foreign Affairs, Planning and Environment. It is formulated on the assumption that Seychelles, despite having graduated to net contributor country status, with a per capita income of US$ 6,210 (1996 World Bank Atlas), will be granted a waiver on the reimbursement requirement of the target for resource assignment from the core resources for reasons submitted by the Government to the Executive Board in a separate request. The CCF thrust will continue to be on sustainable human development (SHD) if the reimbursement of TRAC resources is not waived, but the Government of Seychelles will re-appraise the emphasis of UNDP assistance over the next programming period in light of this different context, with the expectation that it may be necessary to direct a larger proportion of the resources to its most pressing human resources development needs, e.g. fellowships and training abroad.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. Economic and social progress in Seychelles in the years since Independence (1976) is unparalleled in the whole of Africa. Social indicators, such as a life expectancy of over 70 years, an infant mortality rate of 8.8/1,000, free primary and secondary education for all, and a good supply of health care, put Seychelles high on the UNDP human development index listing, with a rank of 60 out of 174 in 1996. Since the beginning of the 1990s, however, the fragility of the country's achievements has become increasingly apparent through a rise in unemployment to about 9 per cent in 1995, a persistent foreign exchange shortage, and the levelling-off of per capita gross national product increases.

4. Despite the relatively high per capita income and a strong government commitment to social equity, almost 20 per cent of the population is estimated to be living in poverty, and almost 7 per cent in absolute poverty, according to the World Bank report in 1994 entitled "Poverty in Paradise". While the level

of social transfers has been maintained at 5.5 per cent of gross domestic product, it has been ineffective in eliminating poverty due to a confluence of economic and social factors. Economic factors include the recent rise in unemployment, resulting from cut-backs in the Government workforce. The Government's share in formal employment fell from 62 per cent in 1990 to 46 per cent at the end of 1995. While the private sector has absorbed a small proportion of the labour force released from the public sector, a large number of public sector employees do not possess marketable skills for productive employment.

5. The pristine environment of Seychelles is the country's main asset. It consists of 115 unspoilt small islands with very diverse and unique flora and fauna, as well as a fragile coastal and marine environment. In 1990, the Government developed the 10-year Environmental Management Plan of Seychelles (EMPS 2000) and significant resources were mobilized with the assistance of UNDP and the international community for its implementation. Environmental protection and preservation are still among the key areas of the Public Sector Investment Programme (1996-1998). However, the main challenge for Seychelles is to maintain this effort at a time when overseas development assistance is decreasing, concomitant with mounting pressures to reduce government outlays. Similarly, increasing numbers of tourists and an envisaged increase in secondary and tertiary activities in general, resulting from increased liberalization, are likely to conflict with Seychelles' efforts to preserve its natural environment.

6. Seychelles can be described as a matrifocal society, where women have real rights. Formal discrimination against women in public life, in access to education and employment, or in property rights, does not exist. In fact, women are highly visible in public life, both in the political and administrative sphere. However, despite these remarkable achievements, among the social factors contributing to the persistence of poverty in Seychelles are the large number of female-headed households (45 per cent of all households) with limited marketable skills, and the percentage of household expenditures on alcohol (13.7 per cent). Compounding the problem is the high level of teenage pregnancies (15 per cent of all children born in 1994 were born to mothers under the age of 20, and 76 per cent were born out of wedlock). Many of these young mothers are uneducated, and the fathers are unwilling to take on shared responsibilities, due to their youth, or because they already have other family commitments. Raising public awareness of the consequences of teenage pregnancies, and of the limited integration of males into families, will contribute towards changing behaviour in accordance with the exigencies of the sustainable human development of the country.

7. Following the transition from a socialist-oriented one-party State to a market-oriented multiparty system in the early 1990s, the Government has embarked upon a process of decentralization, playing the role of facilitator, and creating the enabling environment for increased private sector activities. While withdrawing from several sectors, most notably tourism, agricultural production, and fishing, the Government continues to downsize the public sector. Despite these efforts, private sector development is still in its infancy, partly as a result of sizeable domestic borrowing by the Government, crowding out the private sector from the local financial markets, and partly because of the lack of confidence of prospective private investors due to the very small

size of the market and the high costs of raw materials, tools and intermediary inputs. Civil society organizations are not very active, with a total of about thirty non-governmental organizations (NGOs). Foreign aid has shrunk by more than 50 per cent in the past five years, forcing the Government to shoulder an increasing share of the costs of expatriates employed in the public sector.

8. Overall, the country is experiencing a fall in foreign exchange earnings, a consequence of decreasing official tourism receipts, a fall in official development assistance, the closing of the United States embassy and a satellite tracking station, and the maturation of foreign debt and high interest payments. Donor assistance at this time is more important than ever to support the economic and political transformation of Seychelles, and to help the country overcome the current economic problems without becoming a threat to its remarkable achievements in the protection of the environment, the advancement of women, and its efforts to create an equitable society.

II. RESULTS AND LESSONS OF PAST COOPERATION

9. Given the modest level of UNDP resources allocated to Seychelles, the Government and UNDP agreed, at the time of the formulation of the fourth country programme (1992-1996), that UNDP support would be catalytic and strategic, and that UNDP funding should be used as seed money, especially in the initiation of studies, innovative projects and programmes, and in promoting and enhancing new aid mechanisms and modalities for tapping and financing technical cooperation on a cost-effective basis, as in technical cooperation among developing countries (TCDC). National execution was the preferred modality for implementing UNDP-supported programmes, in addition to the use of short-term consultants. UNDP was able to tap additional funds from outside national indicative planning figures (IPF), such as Special Programme Resources (SPR) and regional IPF for Africa, which were instrumental in generating significant financial and technical inputs from other multi-bilateral donors for the implementation of national programmes (Environment Management Plan for Seychelles, and the Human Resource Development Programme), capacity building for gender-mainstreaming, strengthening of the directorate of planning, and mobilizing Global Environment Facility (GEF) funding for biodiversity projects and enabling activities. UNDP assistance overall had significant impact in the fields of human resource development, the environment, sanitation and rodent control, development planning capacities and TCDC.

10. The fourth country programme intended to use the programme approach in the planning and implementation of UNDP assistance to Seychelles. While a policy dialogue, with full consultation and participation of the ministerial departments, was successfully carried out which resulted in restricted areas of concentration for UNDP cooperation, the formulation and implementation of individual programme activities continued to be undertaken on an individual project basis in 1994 and 1995.

III. PROPOSED STRATEGY AND THEMATIC AREAS

A. Strategy

11. In line with the development objectives and priorities of the Government, the CCF will focus on (a) national long-term planning; (b) private sector rehabilitation; (c) social security reform and planning; and (d) management of technical assistance. Specific strategies to be pursued include:

(a) A shift to the programme approach. The limited TRAC resources allocated by UNDP to Seychelles for CCF (1997-1999) do not permit the development of separate programmes for all the areas identified in the analysis of the country's development situation. UNDP support in the immediate future will be integrated into the national programme management mechanism through the approval of a single programme support document, designed to subsume sustainable human development policy and strategy formulation and implementation in the Seychelles context;

(b) Application of the National Execution modality. The Government has fully endorsed the national execution modality and sees it as a means to develop its own project implementation and management capabilities and for increasing project efficiency and flexibility. All the difficulties encountered during the earlier part of the fourth country programme have been resolved through a series of measures that have included the organization of a workshop, regular briefings of national project directors by the country office, and the production of a handbook and guidelines on national execution. As in the case of the fourth country programme, where the whole programme was nationally executed, it is proposed that the single programme, financed from core resources, will also be nationally executed. Assistance should continue to be provided, as appropriate, by United Nations specialized agencies, especially in the provision of technical services. There is still room, however, for improvements with respect to day-to-day project implementation issues. Moreover, the application of both Government and UNDP procedures is being reviewed to make them more cost-effective and less cumbersome, in order to further streamline and successfully generalize the use of this modality;

(c) Making full use of UNDP comparative advantages. Given the limited TRAC resources allocated to Seychelles, it has been agreed with the Government, taking into account the mandate and comparative advantages of UNDP, that its interventions will focus on upstream policy and strategy development, in addition to capacity building. Assistance at this level benefits from UNDP neutrality and allows Seychelles to achieve synergies, by promoting a holistic approach, integrating gender and environmental issues into a programme aimed at strengthening governance, in pursuit of the reduction of poverty and the promotion of sustainable human development. Closely tied to UNDP upstream assistance will be efforts to mobilize additional resources for specific programme areas from specialized United Nations funds, coordination of all United Nations system operational activities for development in Seychelles, and assistance to the Government in mobilizing resources. As with earlier country programmes, expatriate-assisted interventions will be in the form of well-targeted short-term consultancies, with the application of TCDC modality,

United Nations Volunteers (UNV) specialists and Transfer of Knowledge Through Expatriate Nationals (TOKTEN);

(d) Preparation of the country strategy note. It is proposed that the completion of the National Long-Term Perspective Studies (NLTPS) in 1997 should ideally be followed by the formulation of a country strategy outline for future activities of the United Nations system in the Seychelles. Without necessarily engaging in a full-fledged strategy note, which might overtax the available resources, a strategic outline should provide sufficient interface among the agencies, the Government and civil society to ensure coherence and synergy.

B. Thematic areas

12. The main pillar of the CCF will be capacity-building in the following areas: (a) national long-term perspective study; (b) private sector rehabilitation; (c) social security reform and planning; and (d) management of technical cooperation. The target audience will be government officials, the private sector and civil society representatives. This is of particular importance since both the private sector and civil society organizations have been recently recognized as full partners in the development process, and now need to be equipped with the necessary skills to fulfil this new role.

1. National Long-Term Perspective Study

13. Previously, most development policies and poverty elimination efforts were Government-led and financed. Since the beginning of the 1990s, the Government has initiated reforms that allow for broad political participation and assign a greater role to the private sector and civil society in the country's development. In order to support this process, an NLTPS exercise, supported by the African Futures project in Abidjan, will allow the country to engage in a broad-based discussion on development objectives for the next 20 to 30 years. Not only will this exercise refocus national planning and policy-making, in the short- to long-term, but it will also culminate in a broadly shared consensus and vision of the development of Seychelles over the next 25 years. It will also help to define more clearly the role of all the different stakeholders in the decision-making process.

2. Private sector rehabilitation

14. Private sector empowerment is one of the main objectives of the Government's development policy, with the expectation that the private sector will be the main source of job creation and sustainable livelihood in future years. UNDP has already initiated activities in support of strengthening the private sector, and it is envisaged to hold sectoral consultations early in 1998. The review of private sector policies and the preparation of projects to be considered at the sectoral consultations are areas proposed for UNDP assistance during the programme period. Particular emphasis will be placed on the creation of opportunities for women entrepreneurs, and activities need to be closely scrutinized with respect to their environmental impact.

Capacity-building for the private sector to enable it to become a cohesive and competent partner in discussions with the Government is also proposed through UNDP support for the setting up of a Joint Economic Council for the private sector in Seychelles.

3. Social security planning

15. The current system of insufficiently targeted social transfers has been identified as one of the main impediments to the eradication of persistent poverty in Seychelles. Capacity-building within the Government to enable it to design and implement better targeted poverty eradication schemes is thus an important ingredient of UNDP proposed cooperation. This will also yield significant savings that can be channelled into priority social investments, notably education, that are needed to stimulate growth and to help the poor acquire skills to benefit from growth. This programme component will focus on a review of existing social security instruments and legislation. The output of this component will form the basis of recommendations for the reform of the social security system.

4. Management of technical assistance

16. Seychelles still employs a number of expatriates in the public sector. With the reduction of foreign aid, the country has to pay an increasing share of their costs. It is proposed to continue activities begun under a regional National Technical Cooperation Assessment and Programme (NATCAP) project, and aim at the localization of positions currently held by expatriates, which would substantially contribute to the creation of sustainable livelihoods for Seychellois. This programme area also includes support to the Government in the implementation of the United Nations System-wide Special Initiative on Africa.

IV. MANAGEMENT ARRANGEMENTS

17. The Ministry of Foreign Affairs, Planning and Environment will be the main executing agency within the line ministries with the implementing agencies. The Principal Secretary will chair the sustainable human development (SHD) Programme Steering Committee and will have overall responsibility for policy directions, coordination and management, implementation arrangements for the programme, monitoring and evaluation, and reviewing progress reports on the programme. To complement and assist the Ministry, United Nations specialized agencies will be called upon to assist in project implementation, and to backstop project delivery under the new support cost arrangements. Assistance will be sought as and when necessary under the United Nations Short-term Advisory Services, TOKTEN, UNV specialists and TCDC programmes and exchanges.

18. In line with the consensus reached at the terminal review of the fourth country programme, to keep the administrative and monitoring workload of future cooperation programmes consonant with the scope of the inputs provided by UNDP, it is considered that the single core-funding programme approach with built-in benchmarks, which will encompass all SHD co-financing and cost-sharing ventures,

provides an appropriate occasion for formal programme review through its mid-term evaluation, and the regular meetings of the programme steering committee. During the course of programme evaluation review, achievements will also be seen against the indicators that were published in the 1994 World Bank report, "Poverty in Paradise".

19. It has been noted that resource mobilization is an area in which the UNDP country office has developed a strong track record (e.g. the donors consultative meetings of the Environment Management Programme of Seychelles, and the Human Resource Development Programme). The future resource mobilization strategy proposes to use the United Nations System-wide Special Initiative on Africa as the general framework to channel UNDP and other resources to the key areas defined by the Government for SHD. More specifically, UNDP will continue to support government efforts to prepare for and conduct sectoral consultations, and to follow-up on their conclusions and recommendations for implementation. UNDP will also continue to play a catalytic role in mobilizing additional resources, especially through the utilization of the programme approach and the preparation of strategy documents. This will be bolstered by participation in the regional programmes in Africa, i.e., NATCAP and NLTPS. Finally, UNDP will engage in direct mobilization of its non-core resources, as well as other non-core resources, such as GEF and trust funds.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR SEYCHELLES, 1997-1999

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(15)	
TRAC 1.1.1	142	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Other resources TCDC	50	
SPPD/STS	-	
Subtotal	177[a]	
NON-CORE FUNDS		
Government cost-sharing	50	
Sustainable development funds GEF	600	
Third-party cost-sharing	50	
Funds, trust funds and other UNIFEM	100	
Subtotal	800	
GRAND TOTAL	977[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = global environment facility; IPF = indicative planning figure; NATCAP = national technical cooperation assessment and programme; SPPD = support for policy and programme development; STS = support for technical services; TCDC = technical cooperation among developing countries; TRAC = target for resource assignment from the core; and UNIFEM = United Nations Development Fund for Women.